



# Public Service Commission of Wisconsin

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## **PSC Lifts SBC Price Restrictions but Sets Conditions to Protect Consumers**

MADISON - In a verbal decision today, the Public Service Commission of Wisconsin (PSC) lifted price restrictions on SBC's residential basic local exchange service in metropolitan markets, but also put in place protections for consumers.

Noting that there has been a continuum of state policies, federal policies and court decisions over the past 20 years that have sent the telecommunications industry down the road of more competition and deregulation, PSC Chairperson Daniel Ebert said, "The time is right to take steps to lift the restrictions on SBC residential basic local exchange service while still protecting consumers."

"The Commission has historically worked towards competition in the telecommunications market to provide more choices to consumers and to allow the marketplace to keep prices competitive and Wisconsin consumers have benefited," Chairperson Ebert explained. "In today's telecommunications market we see competition from other telephone companies, from new telecommunications technologies, from cellular service and from cable companies."

Although the Commission removed the price restrictions today, it set the following consumer protections for SBC to follow:

- SBC can increase rates for basic local exchange service by no more than \$2.50 per year for two years. After that time, restrictions would be removed.
- SBC must increase rates uniformly in each rate group in all the exchanges and promotions offered within each rate group must be consistent.
- SBC must provide data to the PSC so they can, in each of the 2 years, analyze the impact of lifting the price restrictions on consumers and competition.

Under today's decision, service quality will still be regulated by the PSC. In addition, the PSC can order SBC to move back to regulation under price restrictions if there are changes in the telecommunications marketplace that limit consumer choices.

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The 17 exchanges that will be impacted are Appleton, Beloit, Eau Claire, Fond du Lac, Green Bay, Janesville, Kenosha, Madison, Manitowoc, Menomonee Falls, Milwaukee, Neenah-Menasha, Oshkosh, Racine, Sheboygan, Stevens Point and Waukesha. SBC currently serves 77 exchanges and the price restrictions will still be in effect in the remaining exchanges. In these 17 exchanges, telephone companies competing with SBC have about 26% of the telecommunications market.

Under state law, SBC was limited on how much it could raise its rates for basic residential service without Commission review or approval. The basic residential telephone services that are currently subject to rate restrictions are the cost of a telephone line, per call usage, extended community calling to some neighboring communities, and the connection charges for establishing service.

State law also allows companies operating under price restrictions to request the PSC to lift those restrictions if there is competition in the market. Today, the PSC approved, with conditions, SBC's request for the ability to change those basic residential service rates in certain exchanges at any time without Commission consent, similar to the rate flexibility SBC currently has for other services, such as caller ID, and packages that include other services.

In November, the PSC will issue a written order detailing the verbal decisions made today.

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